

Exhibit 4

RIP RAPSON
IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

In re) Chapter 9
CITY OF DETROIT, MICHIGAN,) Case No. 13-53846
Debtor.) Hon. Steven W. Rhodes

The Videotaped Deposition of RIP RAPSON,
Taken at 1114 Washington Boulevard,
Detroit, Michigan,
Commencing at 9:02 a.m.,
Thursday, July 31, 2014,
Before Rebecca L. Russo, CSR-2759, RMR, CRR.

RIP RAPSON

APPEARANCES:

GREGORY M. SHUMAKER, ESQ.

Jones Day

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Appearing on behalf of the City of Detroit.

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Appearing on behalf of the City of Detroit.

RIP RAPSON

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PRAVIN R. PATEL, ESQ.

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Appearing on behalf of the Financial Guaranty
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Appearing on behalf of the State of Michigan.

RIP RAPSON

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Appearing on behalf of the Retiree Committee.

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RIP RAPSON

HARVEY KURZWEIL, ESQ.

DESIREE MARIE RIPO, ESQ.

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Appearing on behalf of the Witness and the Kresge
Foundation.

ALSO PRESENT:

Justin Slanec - Video Technician

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Q. -- thank you. And do you view a critical aspect of Detroit's revitalization to be the building of the city to have access to capital markets?

MR. SHUMAKER: Object to the form.

A. If I understand the question correctly, will the long-term health -- can I restate the question to make sure I'm understanding it?

What I think you're asking is will the long-term health of the city depend, in part, on the return of capital markets with sort of a robustness to the city? Yes.

MR. MCCARTHY: Technical difficulties.

Just a moment.

Could we go off the record for a moment?

VIDEO TECHNICIAN: The time is 9:25 a.m.

We are now off the record.

(Off the record at 9:25 a.m.)

(Back on the record at 9:26 a.m.)

VIDEO TECHNICIAN: The time is 9:26 a.m.

We are back on record.

BY MR. MCCARTHY:

Q. What's your current position at the foundation?

A. My title is president and chief executive officer.

Q. And since your time at the foundation, have you always

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2 been the president and chief executive officer?

3 A. Yes.

4 Q. What are you responsible for at the foundation as the
5 president and chief executive officer?

6 A. Quite a number of things. Maybe I can start and you
7 can tell me where to stop.

8 My first layer of responsibility is to the
9 board of directors. I have to ensure their
10 appropriate engagement with the stewardship of the
11 foundation. They have fiduciary and other forms of
12 duty to the foundation under non-profit law, and I
13 have to make sure that they have the wherewithal to be
14 able to execute on those responsibilities.

15 I have the responsibility for overseeing
16 the growth and development of the staff. When I came
17 it was about 30. We're now about 85. So that takes a
18 big chunk of time.

19 I view my responsibility as, in part, being
20 a resource to the program areas so that I can help
21 connect them to the best thinking and resources they
22 need in order to be effective.

23 I have responsibility for internal human
24 resources issues, internal administrative issues. I
25 each year propose to the board a budget and a

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2 strategic operating plan. That's some of the, some of
3 the things I do.

4 Q. How large is the board of directors of Kresge
5 currently?

6 A. Twelve. I think we may be at eleven, but we've been
7 about twelve. We have an opening.

8 Q. And has it been roughly twelve since the time -- since
9 your time at Kresge?

10 A. Yes.

11 Q. And you said the staff increased from about 30 to 85
12 during your time at Kresge?

13 A. Yes.

14 Q. And why was that?

15 A. It goes back to the answer I may have given you
16 earlier -- I gave you earlier, about the change in the
17 nature of the way we work. When we were, when we were
18 doing capital challenge grants, you could do that with
19 a smaller staff. You were essentially taking
20 information from Harvard Medical School about how it
21 proposed to build a building, and we would make a
22 judgment about whether the gift structure of what they
23 hoped to accomplish was adequate.

24 You could almost do that with an algorithm,
25 frankly, and so it was a very lean staff and very

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BY MR. MCCARTHY:

Q. To carry out the foundation's mission, does the foundation donate money?

A. It invests money. I'm not -- yes, I think, yeah.

Q. Well, let's talk about the -- for the City of Detroit currently, as part of the, what's been called the Grand Bargain -- do you understand what the Grand Bargain is?

A. I do.

Q. And could you tell me what that is, briefly, so we're on the same page?

A. I'm going to tell you what the Grand Bargain is? Okay. It is a, it is an unbelievably-complicated aggregation of resources that permits the expedient resolution of the bankruptcy.

Q. And as part of the Grand Bargain, has Kresge donated or invested money?

A. Yes --

Q. Okay, and would you characterize Kresge's --

MR. KURZWEIL: Excuse me, I don't believe the witness finished his last answer.

A. I'm sorry.

BY MR. MCCARTHY:

Q. I didn't mean to cut you off, go ahead.

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2 I think our, our support for them is, if I
3 recall correctly, approximately a hundred thousand
4 dollars a year in operating support.

5 Q. And that's a continuing amount, the hundred thousand
6 dollars a year?

7 A. Yes.

8 Q. Is that continuing as we sit here today?

9 A. Yes.

10 Q. And when did that, I guess agreement of Kresge to
11 provide a hundred thousand dollars, roughly, in
12 operating support to the DIA begin?

13 A. Boy, I want to say maybe 2007, 2008, approximately. I
14 think that's when we developed the program.

15 Q. How much money has Kresge agreed to contribute to the
16 Grand Bargain?

17 A. A hundred million dollars.

18 Q. Is that hundred million dollars more money than Kresge
19 has contributed to any one cause since your time at
20 Kresge?

21 A. To any one cause -- you mean any one institution or
22 cause?

23 Q. Let's start with institution.

24 A. Yes. I would -- could I just qualify that this
25 hundred million dollars was not a contribution to the

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Detroit Institute of Art.

Q. How would you describe the hundred million dollars?

A. It was a contribution to the effectuation of the Grand Bargain.

Q. And do you believe that the hundred million dollars that Kresge has agreed to contribute is in any way tied to the DIA?

A. Our contribution is predicated on it serving three purposes: One, to help expedite the resolution of the bankruptcy; two, to soften the blow to pensioners; and three, to help preserve the DIA's collection. So I guess the answer would be yes.

Q. A portion of the hundred million dollars would go, in your opinion, to the third prong of why Kresge is contributing money to the Grand Bargain?

MR. SHUMAKER: Object to the form.

MR. MORRIS: Object to the form.

A. I was going to object to the form, as well --

BY MR. MCCARTHY:

Q. You're entitled to.

A. -- in the sense that we didn't allocate money to those three prongs. We allocated money to the totality of the package.

Q. You mentioned the first prong was to help expedite the

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2 undermining -- undergirding them.

3 Q. Outside of the Grand Bargain, has the DIA -- has the
4 Kresge Foundation ever contributed funds during your
5 time there to help soften the blow of pensioners in
6 any particular municipality?

7 A. I'm hesitating, because much of what Kresge does is to
8 try to create buffers for low-income people and
9 opportunities for low-income people to, to enter the
10 economic mainstream and participate fully in civic
11 life.

12 So I think the, the objective of our
13 foundation is to, as you've put the document to me
14 earlier, is to improve the lives of poor and
15 low-income children and adults.

16 So in some ways I think we've indirectly
17 helped people who are on pensions and who aren't on
18 pensions, but without, again, meaning to split hairs,
19 we have never directly invested in pensioners nor are
20 we -- again, nor is that the way we have designated
21 these funds.

22 We have designated these funds to be part
23 of a pool of money with multiple objectives.

24 Q. Is it fair to say that Kresge Foundation's
25 contribution or proposed contribution to the Grand

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2 Bargain would be the most direct way that Kresge has
3 ever contributed funds to soften the blow of
4 pensioners since the time you've been there?

5 A. Yes.

6 Q. And why is that? Why is it that, in this instance,
7 with the Grand Bargain, Kresge has determined to do
8 something it hasn't done in the past during your time
9 there, specifically with respect to softening the blow
10 to pensioners?

11 A. The calculus that we did in making our contribution to
12 the Grand Bargain was that it would accomplish three
13 objectives simultaneously. We've walked through
14 those. That was the reason for taking the action.

15 Q. Does the Kresge Foundation deem any one of the three
16 objectives that we've talked about to be more
17 important than the other objectives?

18 A. No. I would, I would answer it a slightly different
19 way. I would say all three are essential. I don't
20 think any one is more essential than the others.

21 Q. I'm trying to get at specifically the second objective
22 that you mentioned, softening the blow to the
23 pensioners.

24 A. Mmm-hmm.

25 Q. Are you able, as you sit here today, to answer whether

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2 Kresge would have agreed to potentially contribute to
3 the Grand Bargain, assuming softening the blow to the
4 pensioners was not one of the objectives?

5 A. It would not have.

6 MR. MORRIS: Objection, form.

7 BY MR. MCCARTHY:

8 Q. And why is that?

9 A. Because we needed to see all three objectives
10 satisfied.

11 Q. And why is it important for Kresge to soften the blow
12 for the pensioners in this particular instance?

13 MR. SHUMAKER: Objection, form --

14 A. I think I've answered the question.

15 MR. SHUMAKER: -- asked and answered.

16 BY MR. MCCARTHY:

17 Q. Outside of Kresge's desire to see all three of the
18 objectives we've talked about, expediting the
19 resolution of the bankruptcy, softening the blow to
20 the pensioners, and preserving the collection at the
21 DIA, all move forward, are there any other specific
22 reasons you can tell me that -- as to why Kresge deems
23 it important to have objective number two, softening
24 the blow to the pensioners, move forward as an
25 objective?